



## The 2002 State Small Business Week Winners

### *A Statistical Profile*

#### Years in Business

The winning businesses have been in business for a median of 15 years (*average 15, standard deviation 10*). Of the winning businesses, 35 percent were started in the 1990s, 30 percent were started in the 1980s, and 22 percent started in the 1970s. The oldest business was founded in 1897 and the most recent business began in 1998.

#### Products & Services

The winning businesses produce and sell a wide range of products and services including:

- metal fabrication and water jet cutting, shipbuilding, southern style restaurant, day spa and boutique, radiological and environmental services, IT web services, advertising and publishing, CRM software, commercial printing, wireless communication, bakery, health care services, general contractor, computer retailer, manufacturer of outdoor aluminum furniture, information technology services, audio/visual staging services, manufacturer of cable pulling and duct work, freight transporter, an engineering firm, manufacturer of vinyl windows, management consulting, manufacturer of paper products, restaurant/motel developer, heating and air conditioning services, wholesale beverage distributor, kiosk designer/builder, public relations/media services, pizza/sandwich franchiser, educational products manufacturer, hot tub manufacturer, electrical contractor, engine parts distributor, and highway/heavy constructor services.

#### Legal Structure / Business Type

Legal Structure	Business Type
47 percent are corporations	18 percent are in computer technology
44 percent are S corporations	20 percent are in construction
7 percent are limited liability corporations	27 percent are in manufacturing
2 percent are sole proprietorships / partnerships	16 percent are in retail
	9 percent are in professional services
	7 percent are in wholesaling
	5 percent general services / other
Total 100%	Total 102% - <i>rounding error or 2%</i>

## Ownership

Thirty-three percent of the state small business of the year winners are owned by women, and 23 percent are owned by minorities of which 2 percent of the businesses are owned by African Americans, and 12 percent are owned by Hispanic Americans, 9 percent are owned by Asian/Pacific Islander Americans. Seventy-six percent are owned by Caucasians and 20 percent of the winners are veterans.

In addition, 41 percent are family owned and operated. Among the family-owned businesses, 17 percent employ their spouses, 8 percent employ their brothers, 4 percent employ their sisters, 4 percent employ their mothers, 0 percent employ their fathers, 8 percent employ their daughters, 15 percent employ their sons, and 12 percent employ other relatives.

## Government Contracts

Of the Small Business Week state winners, 41 percent sell to the federal government and have 2001 median sales of \$167,000 (*average \$3,971,022, standard deviation \$7,049,638.*) Their combined total sales to the federal government is \$71 million for an average of 12 percent of their total sales.

## Employment

Together the winning businesses employ 6,480 full-time and 948 part-time employees. The smallest business employs two people full-time and the largest business has 2,500 full-time employees (*the second largest employs 350 full-time employees*).

- Median number of full time employees: 47 (*125 average, 345 standard deviation*)
- Median number of part-time employees: 3 (*18 average, 64 SD*)
- Median number of full-time employees at business start up: 3 (*7 average, 9 SD*)
- Median number of part-time employees at business start up: 0 (*3 average, 10 SD*)
- 8 percent employ ten or fewer people full-time
- 19 percent employ between 11 and 25 people full-time
- 27 percent employ between 26 and 50 people full-time
- 12 percent employ between 51 and 100 people full-time
- 29 percent employ more than 100 people full-time
- 29 percent employ more than 100 people full-time
- 10 percent employ more than 300 people full-time
- 79 percent employ ten or few people part-time
- 21 percent employ more than 10 people part-time
- 12 percent employ more than 25 people part-time
- 10 percent employ more than 50 people part-time
- 4 percent employ more than 75 people part-time

## Revenues

Total sales for the businesses' most recent year amounted to \$620,000,000. Median sales were \$6 Million (*\$12.4 million average, \$16.4 million SD*). These businesses' first year median sales were \$364,000 (*\$627,000 average, \$897,000 SD*)

## Exporting

Of the winners, 32 percent export goods and services representing 13 percent of sales. Additionally, 13 percent of those who currently do not export anticipate exporting within two years. Countries that do export, export to the following countries:

- The United Kingdom, Canada, Mexico, Australia, Turkey, the Czech Republic, Germany, China/Taiwan, Switzerland, Japan, Cypress, Israel, Norway, France, Singapore, Russia, Belgium, Brazil, Chile, Egypt, New Zealand, Bulgaria, Greece, Hong Kong, Indonesia, Iran, Italy, Poland, Belgium, Switzerland, Peru, Equador, the Netherlands, India, Malaysia, Ghana, United Arab Emirates, South Africa, Kuwait, S. Korea, Costa Rica, Bahrain, Saudi Arabia, Spain, Thailand, Turkey, Chile, Qatar, Venezuela, and the Caribbean.

## SBA Assistance

- 62 percent received assistance from the SBA
- 3 percent received assistance from a Women's Business Center
- 9 percent received assistance from SCORE
- 9 percent received assistance from an SBA office
- 26 percent received assistance from a Small Business Development Center
- 3 percent received assistance from a Business Information Center

## Getting Started

Of the winners:

- 30 percent received financial assistance from the SBA
- 8 percent got general counseling or training
- 2 percent got help with accounting
- 6 percent got help with marketing
- 8 percent got help with business start-up
- 2 percent got procurement assistance
- 2 percent got help with personnel
- 100 percent would start the business again

Of the winning businesses, 9 percent are home-based and 24 percent of the winners began their business as a home-based.

## Use of Technology

- 100 percent use the Internet
- 56 percent use Internet ordering / e-commerce
- 97 percent use e-mail
- 56 percent are involved with e-commerce
- 94 percent have web pages
- 94 percent for financial analysis
- 97 percent use computers for payroll/accounting
- 85 percent use computers for inventory control
- 88 percent use customer databases
- 100 percent use personal computers
- 97 percent use cellular phones
- 85 percent use lap top computers
- 88 percent used CD-ROMS
- 18 percent use teleconferencing
- 79 percent use desk top publishing
- 100 percent use word processing

## Correlation Analysis

There was a relatively strong (.73) correlation between 2001 sales and the number of full-time employees the business has. This correlation increases significantly to .93 when these who received SBA assistance are separated from those who *did not* received SBA assistance and drops dramatically to a relatively weak correlation of .26 when those who *did not* receive SBA assistance were separated from those who *did* receive SBA assistance.

There was a relatively weak (.26) correlation between 2001 sales and number of years in business. However the correlation increases to .35 when these who received SBA assistance are separated from those who *did not* (.15) received SBA assistance.

There was a relatively weak (.23) correlation between full-time employees and number of years in business. However the correlation increases to .40 when these who received SBA assistance are separated from those who *did not* (.03) received SBA assistance.

There was a nominal (.52) correlation between full-time employees their first year in business and their sales for their respective first year in business. However the correlation drops to a weak .34 and increases to relatively strong .73 when these who received SBA assistance (.73) are separated from those who *did not* received SBA assistance (.34).

## Open Ended Questions

SBA asked three open-ended questions. Here are the questions with a summary of the findings:

1. “What is the greatest challenge you faced in starting your own business and that you expect to face in the future?”

Financial Assistance appears to be the greatest challenged faced by over 50% of Small Business owners. The ability to secure working capital and generating adequate cash flow for needed equipment and services ranked top among those surveyed. Obtaining bonding and making payroll ranked next on this list of challenges.

The top challenge expected to face in the future was listed by over 40% of those surveyed is “our uncertain economy”.

2. “What is the single most important piece of advice you would give to an aspiring small business owner?”

- (1) The most commonly listed “important piece of advice” to small business owners was to be prepared to work harder and longer than you ever imagined but don’t comprise your family and personal life to a point of regret. No matter how well you know or love your product or service, perseverance, financial expertise, capital, loyal employees and lots of hard work are the real elements for business success.

- (2) No matter how small the job, use every opportunity to go above and beyond conventional methods to satisfy client requirements.

- (3) Never make a promise you can’t fulfill and fulfill all commitments as if your company’s life depends on it, because it does.

3. What is the most important service or program SBA offers?”

Without a doubt, close to 75% of surveyed customers indicated that Financial Assistance through the Loan Guarantee Program was one of the most important programs offered by SBA. Followed by the Loan Guarantee Program was the 504 Program, which enables a small business to address one of the biggest hurdles during expansion – cash flow. A close tie was the 8(a) program who’s objective is to develop and transition organizations to successfully compete in the open market.

Of the services provided by SBA, the most sought out service appears to be the assistance offered in writing a business plan.